

CITY OF LEESVILLE, LOUISIANA

Financial Report

Year Ended June 30, 2014

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-4
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	7
Statement of activities	8
FUND FINANCIAL STATEMENTS (FFS)	
Major fund descriptions	10
Balance sheet - governmental funds	11
Reconciliation of the governmental funds balance sheet to the statement of net position	12
Statement of revenues, expenditures, and changes in fund balances- governmental funds	13
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	14
Statement of net position - proprietary funds	15
Statement of revenues, expenses, and changes in fund net position - proprietary funds	16
Statement of cash flows - proprietary funds	17-18
Notes to basic financial statements	19-49
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	51
Sales Tax Special Revenue Fund	52
Public Safety Special Revenue Fund	53
Schedule of funding progress	54
OTHER SUPPLEMENTARY INFORMATION	
Statement of net position - compared to prior year totals	56
Major Governmental Funds -	
Comparative balance sheet - General and Major Special Revenue Funds	57
General Fund - budgetary comparison schedule	58
General Fund - budgetary comparison schedule - revenues	59
General Fund - budgetary comparison schedule- expenditures	60-62
Sales Tax Special Revenue Fund - budgetary comparison schedule	63

(continued)

TABLE OF CONTENTS (Continued)

	Page
Major Governmental Funds (Continued) -	
Public Safety Special Revenue Fund - budgetary comparison schedule	64-65
Nonmajor Governmental Funds -	
Nonmajor fund descriptions	67
Combining balance sheet	68
Combining statement of revenues, expenditures, and changes in fund balances	69
Nonmajor debt service funds -	
Combining balance sheet	71
Combining statement of revenues, expenditures, and changes in fund balances	72
Comparative statement of net position - proprietary funds	73
Comparative statement of revenues, expenses, and changes in fund net position - proprietary funds	74
 INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	76-77
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-134	78-79
Schedule of expenditures of federal awards	80
Notes to schedule of expenditures of federal awards	81
Schedule of findings and questioned costs	82-83
Summary schedule of current and prior year audit findings and corrective action plan	84-85

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Penny Angelle Scruggins, CPA
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA

Stephen J. Anderson, CPA
Cheryl L. Bartley, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Allen J. LaBry, CPA
Albert R. Leger, CPA, PFS, CSA*
Marshall W. Guidry, CPA
Stephen R. Moore, Jr., CPA, PFS, CFP®, ChFC®
James R. Roy, CPA
Robert J. Metz, CPA
Alan M. Taylor, CPA
Kelly M. Doucet, CPA
Mandy B. Self, CPA
Paul L. Delcambre, Jr., CPA
Kristin B. Dautat, CPA
Jane R. Hebert, CPA
W. Jeffrey Lowry, CPA
Brad E. Kolder, CPA, JD
Casey L. Ardoin, CPA
Deidre L. Stock, CPA
Karen V. Fontenot, CPA

183 South Beadle Rd
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

450 East Main Street
New Iberia, LA 70560
Phone (337) 367-9204
Fax (337) 367-9208

113 East Bridge St
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

1234 David Dr. Ste 203
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

1013 Main Street
Franklin, LA 70538
Phone (337) 828-0272
Fax (337) 828-0290

434 East Main Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

133 East Waddell St
Marksville, LA 71351
Phone (337) 253-9252
Fax (318) 253-8681

332 West Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

1428 Metro Drive
Alexandria, LA 71301
Phone (318) 442-4421
Fax (318) 442-9833

WEB SITE
WWW.KCSRCPAS.COM

Retired
Conrad O. Chapman, CPA* 2008

* A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

The Honorable Rick Allen, Mayor
and Members of the City Council
City of Leesville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Leesville, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
Sales Tax Special Revenue Fund	Unmodified
Public Safety Special Revenue Fund	Unmodified
Sewer Utility Enterprise Fund	Unmodified
Water Utility Enterprise Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information

The financial statements referred to above do not include the financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The amount by which this departure from accounting principles generally accepted in the United States of America would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units is not reasonably determinable. In addition, the amount by which this departure from accounting principles generally accepted in the United States of America would affect assets, liabilities fund balances, revenues, and expenditures of the aggregate fund information is also not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Leesville, Louisiana, as of June 30, 2014, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion

In our opinion, except for the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the City of Leesville, Louisiana, as of June 30, 2014, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Leesville, Louisiana, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 20 to the financial statements, the City of Leesville, Louisiana adopted new accounting guidance, *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedule of funding progress on pages 51-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City of Leesville, Louisiana has omitted management's discussion and analysis that, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Leesville, Louisiana's basic financial statements. The other supplementary information on pages 56 through 74 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The statement of net position, comparative balance sheet and the individual fund financial statements on pages 56 through 57 and 67 through 74 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole. The prior year comparative information included in the other supplementary information has been derived from the City of Leesville, Louisiana's 2013 financial statements, which were subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, were fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The budgetary comparison schedules on pages 58 through 65 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2014, on our consideration of the City of Leesville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Leesville, Louisiana's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 7, 2014

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

CITY OF LEESVILLE, LOUISIANA

Statement of Net Position

June 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 1,914,161	\$ 214,639	\$ 2,128,800
Receivables	674,447	402,343	1,076,790
Due from other governmental agencies	46,066	3,572,413	3,618,479
Inventories	155,168	-	155,168
Other assets	122,816	19,667	142,483
Restricted assets:			
Cash and interest-bearing deposits	-	448,675	448,675
Capital assets:			
Land and construction in progress	1,387,790	4,648,597	6,036,387
Capital assets, net	<u>13,553,836</u>	<u>10,151,916</u>	<u>23,705,752</u>
Total assets	<u>17,854,284</u>	<u>19,458,250</u>	<u>37,312,534</u>
LIABILITIES			
Accounts and other payables	491,431	581,696	1,073,127
Interest payable	29,852	22,216	52,068
Advance fuel sales	4,309	-	4,309
Note payable	25,713	91,689	117,402
Internal balances	902,679	(902,679)	-
Long-term liabilities:			
Customer deposits payable	-	226,534	226,534
Compensated absences payable	244,102	41,507	285,609
OPEB obligation payable	2,705,715	436,406	3,142,121
Bonds, notes, and leases due within one year	-	415,000	415,000
Bonds, notes, and leases due after one year, net	<u>2,615,957</u>	<u>5,663,590</u>	<u>8,279,547</u>
Total liabilities	<u>7,019,758</u>	<u>6,575,959</u>	<u>13,595,717</u>
NET POSITION			
Net investment in capital assets	12,325,669	8,921,848	21,247,517
Restricted for debt service	559,243	-	559,243
Restricted for capital projects	32,278	-	32,278
Unrestricted (deficit)	<u>(2,082,664)</u>	<u>3,960,443</u>	<u>1,877,779</u>
Total net position	<u>\$ 10,834,526</u>	<u>\$ 12,882,291</u>	<u>\$ 23,716,817</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF LEESVILLE, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2014

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 857,664	\$ 465,372	\$ -	\$ 15,000	\$ (377,292)	\$ -	\$ (377,292)
Public safety	3,915,231	442,648	209,923	-	(3,262,660)	-	(3,262,660)
Public works	1,338,704	-	-	-	(1,338,704)	-	(1,338,704)
Economic development	753,852	237,149	-	321,061	(195,642)	-	(195,642)
Culture and recreation	354,993	60,604	13,000	-	(281,389)	-	(281,389)
Interest on long-term debt	95,369	-	-	-	(95,369)	-	(95,369)
Total governmental activities	<u>7,315,813</u>	<u>1,205,773</u>	<u>222,923</u>	<u>336,061</u>	<u>(5,551,056)</u>	<u>-</u>	<u>(5,551,056)</u>
Business-type activities:							
Sewer	1,263,013	897,749	-	1,388,154	-	1,022,890	1,022,890
Water	<u>1,352,610</u>	<u>1,693,882</u>	<u>-</u>	<u>446,796</u>	<u>-</u>	<u>788,068</u>	<u>788,068</u>
Total business-type activities	<u>2,615,623</u>	<u>2,591,631</u>	<u>-</u>	<u>1,834,950</u>	<u>-</u>	<u>1,810,958</u>	<u>1,810,958</u>
Total	<u>\$ 9,931,436</u>	<u>\$ 3,797,404</u>	<u>\$ 222,923</u>	<u>\$ 2,171,011</u>	<u>(5,551,056)</u>	<u>1,810,958</u>	<u>(3,740,098)</u>
General revenues:							
Taxes -							
Ad valorem taxes, levied for general maintenance					234,794	-	234,794
Ad valorem taxes, levied for street improvements					183,347	-	183,347
Ad valorem taxes, levied for sewer system					-	350,224	350,224
Sales and use taxes, levied for public works and recreation					2,799,009	-	2,799,009
Sales and use taxes, levied for public safety					1,378,495	-	1,378,495
Franchise taxes					1,047,895	-	1,047,895
Grants and contributions not restricted to specific programs -							
State sources					22,463	-	22,463
Interest and investment earnings					7,687	635	8,322
Miscellaneous					181,842	3,607	185,449
Transfers					(11,417)	11,417	-
Total general revenues and transfers					<u>5,844,115</u>	<u>365,883</u>	<u>6,209,998</u>
Change in net position					293,059	2,176,841	2,469,900
Net position, as restated - July 1, 2013					<u>10,541,467</u>	<u>10,705,450</u>	<u>21,246,917</u>
Net position - June 30, 2014					<u>\$ 10,834,526</u>	<u>\$ 12,882,291</u>	<u>\$ 23,716,817</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund

To account for the receipt and use of proceeds of the City's 1% sales and use tax. These taxes are dedicated and used for the purpose of constructing, improving, extending, and maintaining streets, sidewalks, bridges, drains, subsurface drainage, sewers and sewerage disposal works; fire department stations and facilities; and public parks and recreational facilities, and purchased and acquiring the necessary land, equipment and furnishings for any of the aforesaid public works, improvements and facilities.

Public Safety Fund

To account for the receipt and use of proceeds of the City's 1/2% sales and use tax. These taxes are dedicated and used for the purpose of improving, operating, and maintaining the public safety services within the City of Leesville, specifically, to provide funds to acquire necessary police and fire protection equipment and other facilities so as to increase the level of services and protection in the City.

Enterprise Funds

Sewer Fund

To account for the provision of sewerage services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Water Fund

To account for the provision of water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF LEESVILLE, LOUISIANA

Balance Sheet - Governmental Funds
June 30, 2014

	General	Sales Tax	Public Safety	Other Governmental	Total
ASSETS					
Cash and interest-bearing deposits	\$ -	\$1,433,029	\$ -	\$ 481,132	\$1,914,161
Receivables -					
Due from other funds	426,547	-	-	190,615	617,162
Due from other governmental agencies	5,770	-	-	40,296	46,066
Other	298,126	252,135	124,186	-	674,447
Prepaid items	66,774	1,306	54,736	-	122,816
Inventories	155,168	-	-	-	155,168
Total assets	<u>\$ 952,385</u>	<u>\$1,686,470</u>	<u>\$ 178,922</u>	<u>\$ 712,043</u>	<u>\$3,529,820</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 256,460	\$ 19,749	\$ 70,465	\$ 236	\$ 346,910
Accrued liabilities	32,475	6,878	68,623	1,525	109,501
Contracts and retainage payable	-	-	-	35,020	35,020
Due to other funds	-	1,321,591	142,473	55,777	1,519,841
Advance fuel sales	4,309	-	-	-	4,309
Note payable	25,713	-	-	-	25,713
Total liabilities	<u>318,957</u>	<u>1,348,218</u>	<u>281,561</u>	<u>92,558</u>	<u>2,041,294</u>
Fund balances -					
Nonspendable	221,942	1,306	54,736	-	277,984
Restricted for debt service	-	-	-	589,095	589,095
Restricted for capital projects	-	-	-	30,110	30,110
Assigned	-	336,946	(157,375)	280	179,851
Unassigned	411,486	-	-	-	411,486
Total fund balances	<u>633,428</u>	<u>338,252</u>	<u>(102,639)</u>	<u>619,485</u>	<u>1,488,526</u>
Total liabilities and fund balances	<u>\$ 952,385</u>	<u>\$1,686,470</u>	<u>\$ 178,922</u>	<u>\$ 712,043</u>	<u>\$3,529,820</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF LEESVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2014

Total fund balances for governmental funds at June 30, 2014	\$ 1,488,526
---	--------------

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 339,026	
Construction in progress	1,048,764	
Buildings and improvements, net of \$4,925,619 accumulated depreciation	6,182,833	
Infrastructure, net of \$16,326,332 accumulated depreciation	6,592,040	
Equipment and vehicles, net of \$4,694,148 accumulated depreciation	<u>778,963</u>	14,941,626

Long-term liabilities at June 30, 2014:

Compensated absences	(244,102)	
OPEB obligation	(2,705,715)	
Bonds payable	(2,099,000)	
Capital leases	(516,957)	
Accrued interest payable	<u>(29,852)</u>	<u>(5,595,626)</u>

Total net position of governmental activities June 30, 2014	<u>\$10,834,526</u>
---	---------------------

The accompanying notes are an integral part of the basic financial statements.

CITY OF LEESVILLE, LOUISIANA

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

	General	Sales Tax	Public Safety	Other Governmental	Total
Revenues:					
Taxes -					
Ad valorem	\$ 234,794	\$ -	\$ -	\$ 183,347	\$ 418,141
Sales	-	2,799,009	1,378,495	-	4,177,504
Franchise	1,047,895	-	-	-	1,047,895
Licenses and permits	465,372	-	-	-	465,372
Intergovernmental	69,617	-	209,923	331,733	611,273
Fines and forfeits	-	-	264,701	-	264,701
Charges for services	237,149	60,604	177,947	-	475,700
Miscellaneous	113,399	17,420	34,515	1,424	166,758
Total revenues	<u>2,168,226</u>	<u>2,877,033</u>	<u>2,065,581</u>	<u>516,504</u>	<u>7,627,344</u>
Expenditures:					
Current:					
General government	937,482	116,017	8,930	-	1,062,429
Public safety	-	-	3,435,029	-	3,435,029
Public works	912,458	-	-	54,577	967,035
Economic development	317,938	-	-	-	317,938
Culture and recreation	-	346,057	-	-	346,057
Debt service	3,321	-	156,847	355,749	515,917
Capital outlay	194,055	24,657	96,137	318,733	633,582
Total expenditures	<u>2,365,254</u>	<u>486,731</u>	<u>3,696,943</u>	<u>729,059</u>	<u>7,277,987</u>
Excess (deficiency) of revenues over expenditures	<u>(197,028)</u>	<u>2,390,302</u>	<u>(1,631,362)</u>	<u>(212,555)</u>	<u>349,357</u>
Other financing sources (uses):					
Transfers in	711,507	-	1,525,000	216,452	2,452,959
Transfers out	<u>(55,500)</u>	<u>(2,408,876)</u>	<u>-</u>	<u>-</u>	<u>(2,464,376)</u>
Total other financing sources (uses)	<u>656,007</u>	<u>(2,408,876)</u>	<u>1,525,000</u>	<u>216,452</u>	<u>(11,417)</u>
Net changes in fund balances	458,979	(18,574)	(106,362)	3,897	337,940
Fund balances, beginning	<u>174,449</u>	<u>356,826</u>	<u>3,723</u>	<u>615,588</u>	<u>1,150,586</u>
Fund balances (deficit), ending	<u>\$ 633,428</u>	<u>\$ 338,252</u>	<u>\$ (102,639)</u>	<u>\$ 619,485</u>	<u>\$ 1,488,526</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF LEESVILLE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

Total net changes in fund balances at June 30, 2014 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 337,940
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 544,496	
Depreciation expense for the year ended June 30, 2014	<u>(943,713)</u>	(399,217)
Loss on disposal of assets		(7,055)
Principal retirement considered as an expenditure on Statement of Revenues, Expenditures and Changes in Fund Balance		422,563
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on the accrual basis		(2,015)
Excess of compensated absences used over compensated absences earned		11,755
Net OPEB obligation at June 30, 2014 not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure		<u>(70,912)</u>
Total changes in net position at June 30, 2014 per Statement of Activities		<u>\$ 293,059</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF LEESVILLE, LOUISIANA

Statement of Position - Proprietary Funds
June 30, 2014

	Business -Type Activities - Enterprise Funds		
	Sewer	Water	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 214,639	\$ -	\$ 214,639
Receivables:			
Accounts, net	144,382	257,961	402,343
Due from other funds	-	1,551,149	1,551,149
Due from other governmental agencies	385,044	3,187,369	3,572,413
Prepaid items	4,508	15,159	19,667
Total current assets	<u>748,573</u>	<u>5,011,638</u>	<u>5,760,211</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing deposits	75,726	372,949	448,675
Land and construction in progress	1,641,504	3,007,093	4,648,597
Capital assets, net of accumulated depreciation	<u>7,300,613</u>	<u>2,851,303</u>	<u>10,151,916</u>
Total noncurrent assets	<u>9,017,843</u>	<u>6,231,345</u>	<u>15,249,188</u>
Total assets	<u>9,766,416</u>	<u>11,242,983</u>	<u>21,009,399</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	297,818	283,878	581,696
Due to other funds	648,470	-	648,470
General obligation bonds	320,000	-	320,000
Revenue bonds	-	95,000	95,000
Note payable	-	91,689	91,689
Accrued interest payable	3,173	19,043	22,216
Total current liabilities	<u>1,269,461</u>	<u>489,610</u>	<u>1,759,071</u>
Noncurrent liabilities:			
Customer deposits payable	-	226,534	226,534
Compensated absences payable	25,667	15,840	41,507
OPEB obligation payable	218,203	218,203	436,406
Revenue bonds payable	-	5,326,837	5,326,837
Note payable	-	336,753	336,753
Total noncurrent liabilities	<u>243,870</u>	<u>6,124,167</u>	<u>6,368,037</u>
Total liabilities	<u>1,513,331</u>	<u>6,613,777</u>	<u>8,127,108</u>
NET POSITION			
Net investment in capital assets	8,694,670	227,178	8,921,848
Unrestricted (deficit)	<u>(441,585)</u>	<u>4,402,028</u>	<u>3,960,443</u>
Total net position	<u>\$ 8,253,085</u>	<u>\$ 4,629,206</u>	<u>\$ 12,882,291</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF LEESVILLE, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2014

	Business -Type Activities - Enterprise Funds		
	Sewer	Water	Total
Operating revenues:			
Charges for services	\$ 897,749	\$ 1,693,882	\$ 2,591,631
Miscellaneous	<u>2,092</u>	<u>1,515</u>	<u>3,607</u>
Total operating revenues	<u>899,841</u>	<u>1,695,397</u>	<u>2,595,238</u>
Operating expenses:			
Salaries	328,033	299,883	627,916
Employee benefits	50,153	45,971	96,124
OPEB expense	117,830	42,549	160,379
Operating supplies	57,986	186,759	244,745
Vehicle expense	28,669	50,609	79,278
Utilities and communications	127,076	202,407	329,483
Insurance	54,222	60,298	114,520
Legal and other professional	11,645	-	11,645
Repairs and maintenance	118,207	100,138	218,345
Bad debt	27,731	49,462	77,193
Miscellaneous	49,394	12,964	62,358
Depreciation	<u>276,556</u>	<u>262,449</u>	<u>539,005</u>
Total operating expenses	<u>1,247,502</u>	<u>1,313,489</u>	<u>2,560,991</u>
Operating income (loss)	<u>(347,661)</u>	<u>381,908</u>	<u>34,247</u>
Nonoperating revenues (expenses):			
Interest income	306	329,000	635
Ad valorem taxes	350,224	-	350,224
Interest expense	<u>(15,511)</u>	<u>(39,121)</u>	<u>(54,632)</u>
Total nonoperating revenues (expenses)	<u>335,019</u>	<u>(38,792)</u>	<u>296,227</u>
Income (loss) before contributions and transfers	(12,642)	343,116	330,474
Contributions	1,388,154	446,796	1,834,950
Transfers in	<u>295</u>	<u>11,122</u>	<u>11,417</u>
Change in net position	1,375,807	801,034	2,176,841
Net position, beginning, as restated	<u>6,877,278</u>	<u>3,828,172</u>	<u>10,705,450</u>
Net position, ending	<u>\$8,253,085</u>	<u>\$4,629,206</u>	<u>\$12,882,291</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF LEESVILLE, LOUISIANA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Sewer	Water	Total
Cash flows from operating activities:			
Receipts from customers	\$ 901,672	\$ 1,701,404	\$ 2,603,076
Payments to suppliers	(297,400)	(535,569)	(832,969)
Payments to employees	(372,070)	(343,497)	(715,567)
Other receipts	2,092	1,515	3,607
Net cash provided by operating activities	<u>234,294</u>	<u>823,853</u>	<u>1,058,147</u>
Cash flows from noncapital financing activities:			
Transfers from (to) other funds	<u>335,185</u>	<u>(282,772)</u>	<u>52,413</u>
Cash flows from capital and related financing activities:			
Proceeds from (principal paid) on bonds and notes payable	(310,000)	1,000,841	690,841
Interest and fiscal charges paid on revenue bonds	(18,585)	(40,390)	(58,975)
Net decrease in customer meter deposits	-	(3,676)	(3,676)
Proceeds from ad valorem taxes	350,224	-	350,224
Proceeds from grants	1,003,110	529,229	1,532,339
Acquisition of property, plant and equipment	<u>(1,594,229)</u>	<u>(1,994,659)</u>	<u>(3,588,888)</u>
Net cash used by capital and related financing activities	<u>(569,480)</u>	<u>(508,655)</u>	<u>(1,078,135)</u>
Cash flows from investing activities:			
Interest earned	<u>306</u>	<u>329</u>	<u>635</u>
Net increase in cash and cash equivalents	305	32,755	33,060
Cash and cash equivalents, beginning of period	<u>290,060</u>	<u>340,194</u>	<u>630,254</u>
Cash and cash equivalents, end of period	<u>\$ 290,365</u>	<u>\$ 372,949</u>	<u>\$ 663,314</u>

(continued)

CITY OF LEESVILLE, LOUISIANA

Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Sewer	Water	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (347,661)	\$ 381,908	\$ 34,247
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	276,556	262,449	539,005
Changes in current assets and liabilities:			
Decrease in accounts receivable	3,923	7,522	11,445
Increase in prepaid items	(1,519)	(12,170)	(13,689)
Increase in accounts payable	181,293	138,472	319,765
Increase in compensated absences payable	3,872	3,123	6,995
Increase in OPEB obligation payable	117,830	42,549	160,379
Net cash provided by operating activities	<u>\$ 234,294</u>	<u>\$ 823,853</u>	<u>\$ 1,058,147</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and cash equivalents, beginning of period -			
Cash and interest-bearing deposits - unrestricted	\$ 214,555	\$ -	\$ 214,555
Cash and interest-bearing deposits - restricted	75,505	340,194	415,699
Total cash and cash equivalents, beginning of period	<u>290,060</u>	<u>340,194</u>	<u>630,254</u>
Cash and cash equivalents, end of period -			
Cash and interest-bearing deposits - unrestricted	214,639	-	214,639
Cash and interest-bearing deposits - restricted	75,726	372,949	448,675
Total cash and cash equivalents, end of period	<u>290,365</u>	<u>372,949</u>	<u>663,314</u>
Net increase	<u>\$ 305</u>	<u>\$ 32,755</u>	<u>\$ 33,060</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the City of Leesville, Louisiana (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The City of Leesville, Louisiana was incorporated by proclamation of the Governor on February 15, 1900. The City operates under the council-administrator form of government, governed by the mayor and a six-member board. The City is located in the parish of Vernon and has a population of approximately 6,000.

As the municipal governing authority, for reporting purposes, the City of Leesville, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and (d) organizations that are closely related to, or financially integrated with the primary government.

Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by Statement No. 39 established criteria for determining which component units should be considered part of the City of Leesville, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship if all of the following conditions exist:

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

4. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship if all of the following conditions exist:
 - a. The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
 - b. The primary government (or its component units) is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
 - c. The economic resources received or held by an individual organization that the specific primary government (or its component units) is entitled to, or has the ability to otherwise access, are significant to that primary government.
5. Organizations that are closely related to, or financially integrated with the primary government.

The following component units are not presented in the accompanying financial statements:

City Marshal -

The City Marshal is controlled by the City Marshal, who is an independently elected official. The City Marshal is included as part of the operations of the City Court System. The City Court System is fiscally dependent on the City of Leesville, Louisiana for office space and courtrooms.

City Court-

The City Court is controlled by the City Court Judge who is an independently elected official. The City Court is included as part of the operations of the City Court System. The City Court System is fiscally dependent on the City of Leesville, Louisiana for office space and courtrooms and payment of salaries and other operating expenditures.

Complete financial statements for the component units may be obtained at 101 W. Lee Street, Leesville, LA 71446. These primary government financial statements of the City of Leesville, Louisiana do not include the financial data of the component units described above. This component unit financial data is necessary for reporting in conformity with generally accepted accounting principles.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

The major funds of the City are described below:

Governmental Funds -

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Sales Tax Special Revenue Fund is used to account for the proceeds of one percent sales and use tax that is legally restricted to expenditures for specific purposes.

The Public Safety Special Revenue Fund is used to account for the proceeds of a ½ cent sales and use tax that is legally restricted to expenditures for specific purposes.

Additionally, the City reports the following fund types:

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt service funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital projects funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Funds –

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon the determination of net income, financial position, and cash flows. The following are the City's proprietary fund types:

Enterprise funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's enterprise funds are the Sewer Fund and the Water Fund.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues, expenditures, expenses, and transfers – and assets, deferred outflows of resources, liabilities, and deferred inflows or resources – are recognized in the accounts and reported in the financial statements.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Program revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues.

Allocation of indirect expenses

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the City.

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The City may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

For the purpose of the proprietary funds statement of cash flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer’s utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for customers’ utility receivables was \$182,200 at June 30, 2014. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.”

Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

Inventory

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. All inventories are accounted in the General Fund as assets when purchased and recorded as expenditures when consumed. Inventory items consumed by other funds are recorded through the interfund receivable/payable accounts.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary funds that are legally restricted as to their use. The restricted assets in the sewer and water utility funds are related to the utility meter deposits and revenue bond accounts.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$5,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20-40 years
Equipment and vehicles	5-10 years
Utility system and improvements	25-50 years
Infrastructure	20-40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the public improvement bonds payable, revenue bonds payable, compensated absences, net other post employment benefits and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Compensated Absences

Sick leave is earned at the rate of one day for each month worked, with a limit of twelve days per year. One-third of accumulated sick leave up to 80 days is payable at termination of employment. Vacation leave is earned over a calendar year basis at an amount dependent upon years of service. Accumulated vacation time up to 160 hours is payable at termination of employment.

For fund financial statements, vested or accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a current fund liability of the governmental fund that will pay it. In the government-wide statements, amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are recorded as long-term debt.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred outflows of resources and deferred inflows of resources as of June 30, 2014.

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – Consists of all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

In the fund statements, governmental fund equity is classified as fund balance. Fund balance reports aggregate amounts for five classifications based on the constraints imposed on the use of these resources. As such, fund balances of the governmental funds are classified as follows.

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the City's Mayor and Council, which is the highest level of decision-making authority for the City.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes determined by a formal decision of the Mayor and City Council.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Ad valorem taxes	See Note 2
Sales tax	See Note 3
Sewer and sewer revenue	Utility operations

The City uses unrestricted resources only when restricted resources are fully depleted.

G. Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Council not later than May 15th of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted prior to the commencement of the fiscal year for which the budget is being adopted but no later than June 15th of each fiscal year.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Council. Such amendments were not material in relation to the original appropriations.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

I. Report Reclassifications

Certain previously reported amounts for the year ended June 30, 2013 have been reclassified to conform to the June 30, 2014 classifications.

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The City bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended June 30, 2014, taxes of 18.10 mills were levied on property with assessed valuations totaling \$41,882,410 and were dedicated as follows:

General maintenance	5.15 mills
Street improvements	4.45 mills
Sewer system	4.25 mills
Sewer District III	<u>4.25</u> mills
Total	<u>18.10</u> mills

Total taxes levied were \$758,097. Taxes receivable at June 30, 2014 totaled 26,885.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(3) Sales and Use Tax

- A. Proceeds of the 1% sales and use tax levied by the City of Leesville, Louisiana beginning July 1, 2005 (2014 collections \$2,799,009) are dedicated for the following purposes in the following order:

Constructing, improving, extending, and maintaining streets, sidewalks, bridges, drains, subsurface drainage, sewers and sewerage disposal works; fire department stations and facilities; and public parks and recreational facilities, and purchased and acquiring the necessary land, equipment and furnishings for any of the aforesaid public works, improvements and facilities.

- B. Proceeds of the 1/2% sales and use tax levied by the City of Leesville, Louisiana beginning April 1, 2004 (2014 collections \$1,378,495) are dedicated to the following purposes:

For improving, operating, and maintaining the public safety services within the City of Leesville, Louisiana, specifically, to provide funds to acquire necessary police and fire protection equipment and other facilities so as to increase the level of services and protection in the City.

(4) Cash, Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2014, the City had cash and interest-bearing deposits (book balances) totaling \$2,577,475 as follows

Demand deposits	\$ 242,761
Money market accounts	2,120,075
Time deposits	<u>214,639</u>
Total	<u>\$ 2,577,475</u>

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at June 30, 2014, and the related federal insurance and pledged securities:

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(4) Cash, Interest-Bearing Deposits (Continued)

Bank balances	<u>\$ 2,820,660</u>
Insured	\$ 510,000
Uninsured and collateral held by pledging bank not in City's name	<u>2,310,660</u>
Total	<u>\$ 2,820,660</u>

Deposits in the amount of \$2,310,660 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the City's name (Category 3 deposits). The City does not have a policy for custodial credit risk.

(5) Receivables

Receivables at June 30, 2014 of \$1,076,790 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts, net	\$ -	\$ 219,994	\$ 219,994
Unbilled utility	-	182,349	182,349
Ad valorem tax	26,885	-	26,885
Sales tax	376,321	-	376,321
Franchise tax	187,885	-	187,885
Licenses and permits	50,356	-	50,356
Other	<u>33,000</u>	<u>-</u>	<u>33,000</u>
Totals	<u>\$ 674,447</u>	<u>\$ 402,343</u>	<u>\$ 1,076,790</u>

(6) Due from Other Governmental Units

Amounts due from other governmental units of \$3,618,479 at June 30, 2014 consisted of the following:

Governmental activities:

State of Louisiana - beer tax revenues receivable	\$ 5,770
State of Louisiana Division of Historic Preservation - Main Street Program	5,276
State of Louisiana - Louisiana Department of Transportation and Development - Airport Improvement grants	35,020

Business-type activities:

State of Louisiana - Division of Administration	385,044
State of Louisiana - Department of Health and Hospitals	<u>3,187,369</u>
Total	<u>\$ 3,618,479</u>

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(7) Restricted Assets

Restricted assets in the Enterprise Utility Funds consisted of the following at June 30, 2014:

Customers' deposits	\$ 226,534
Revenue bond reserve and sinking funds	<u>222,141</u>
Total Enterprise Utility Fund restricted assets	<u>\$ 448,675</u>

(8) Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance 07/01/13	Additions	Deletions	Balance 06/30/14
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 306,356	\$ 32,670	\$ -	\$ 339,026
Construction in progress	762,427	286,337	-	1,048,764
Other capital assets:				
Buildings and improvements	11,108,452	-	-	11,108,452
Equipment and vehicles	5,466,737	34,594	28,220	5,473,111
Infrastructure	22,727,477	190,895	-	22,918,372
Totals	<u>40,371,449</u>	<u>544,496</u>	<u>28,220</u>	<u>40,887,725</u>
Less accumulated depreciation				
Buildings and improvements	4,662,453	263,166	-	4,925,619
Equipment and vehicles	4,449,918	265,395	21,165	4,694,148
Infrastructure	15,911,180	415,152	-	16,326,332
Total accumulated depreciation	<u>25,023,551</u>	<u>943,713</u>	<u>21,165</u>	<u>25,946,099</u>
Governmental activities, capital assets, net	<u>\$ 15,347,898</u>	<u>\$ (399,217)</u>	<u>\$ 7,055</u>	<u>\$ 14,941,626</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 157,249	\$ -	\$ -	\$ 157,249
Construction in progress	1,562,398	3,429,238	500,288	4,491,348
Other capital assets:				
Plant and system	21,346,081	547,124	-	21,893,205
Equipment and vehicles	506,622	112,814	-	619,436
Totals	<u>23,572,350</u>	<u>4,089,176</u>	<u>500,288</u>	<u>27,161,238</u>
Less accumulated depreciation				
Plant and system	11,338,900	529,268	-	11,868,168
Equipment and vehicles	482,820	9,737	-	492,557
Total accumulated depreciation	<u>11,821,720</u>	<u>539,005</u>	<u>-</u>	<u>12,360,725</u>
Business-type activities, capital assets, net	<u>\$ 11,750,630</u>	<u>\$ 3,550,171</u>	<u>\$ 500,288</u>	<u>\$ 14,800,513</u>

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(8) Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 7,529
Public safety	211,348
Public works	165,292
Economic development	453,705
Culture and recreation	<u>105,839</u>
Total depreciation expense	<u>\$ 943,713</u>

Depreciation expense was charged to business-type activities as follows:

Sewer	\$ 276,556
Water	<u>262,449</u>
Total depreciation expense	<u>\$ 539,005</u>

(9) Accounts and Other Payables

The accounts and other payables consisted of the following at June 30, 2014:

	Governmental Activities	Business-Type Activities	Total
Accounts payable	\$ 346,815	\$ 93,301	\$ 440,116
Salaries payable	108,071	22,413	130,484
Payroll tax and employee benefits payable	1,525	-	1,525
Contracts and retainage payable	<u>35,020</u>	<u>465,982</u>	<u>501,002</u>
Totals	<u>\$ 491,431</u>	<u>\$ 581,696</u>	<u>\$ 1,073,127</u>

(10) Note Payable - Bank

The City obtained a line of credit at a local financial institution in order to fund emergency repairs. Under the terms of the bank line of credit agreement dated June 15, 2012, the City may borrow up to \$500,000 with interest at 3.8%. This agreement was renewed on June 15, 2014 with the principal due at June 15, 2015. The following is a summary of short-term debt transactions for the year ended June 30, 2014:

	Balance 7/1/2013	Additions	Deletions	Balance 6/30/2014
Line of credit -				
General Fund	\$ 81,795	\$ -	\$ 56,082	\$ 25,713
Water Fund	<u>130,099</u>	<u>-</u>	<u>38,410</u>	<u>91,689</u>
	<u>\$ 211,894</u>	<u>\$ -</u>	<u>\$ 94,492</u>	<u>\$ 117,402</u>

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(11) Changes in Long-Term Debt

The following is a summary of bonds, notes payable, capital leases, compensated absences and OPEB obligation transactions of the City for the year ended June 30, 2014:

	Balance 7/1/2013	Additions	Deletions	Balance 6/30/2014	Amount due in one year
Revenue bonds	\$ 2,654,000	\$4,800,000	\$ 688,163	\$ 6,765,837	\$ 270,000
General obligation bonds	1,515,000	-	440,000	1,075,000	455,000
Note payable	386,970	-	50,217	336,753	-
Capital leases	644,520	-	127,563	516,957	29,234
Compensated absences	290,369	-	4,760	285,609	-
OPEB obligation	2,910,830	231,291	-	3,142,121	-
	<u>\$ 8,401,689</u>	<u>\$5,031,291</u>	<u>\$ 1,310,703</u>	<u>\$ 12,122,277</u>	<u>\$ 754,234</u>

Bonds payable at June 30, 2014 are comprised of the following individual issues:

Governmental activities:

General obligation bonds:

\$1,800,000 General Obligation Bonds, Series 2004, due in annual installments of \$85,000 - \$165,000 through February 1, 2019; interest at 4.40 - 3.63 percent, secured by ad valorem tax collections \$ 755,000

Revenue bonds:

\$1,344,000 Sales Tax Refunding Bonds, Series 2013, due in annual installments of \$175,000 - \$209,000 through August 1, 2020; interest at 2.25 percent, secured by sales tax collections 1,344,000

Total bonds applicable to governmental activities \$ 2,099,000

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(11) Changes in Long-Term Debt (Continued)

Business-type activities

General obligation bonds:

\$4,710,000 General Obligation Bonds, Series, 1995 of the City of Leesville and General Obligation Bonds, Series 1995 of Sewer District No. 3, due in annual installments of \$190,000 - \$320,000 through March 15, 2015; interest at 2.45 percent, secured by ad valorem tax collections \$ 320,000

Revenue bonds:

\$1,550,000 Water Improvement Bond, Series 2007, due in annual installments of \$75,000 - \$140,000 through August 1, 2022; interest at 0.10 - 4.70 percent; secured by Water Fund revenues 1,050,000

\$4,800,000 Taxable Public Improvement Bonds, Series 2013, due in annual installments of \$131,000 - \$249,000 through August 1, 2034; interest at 2.95%, for the purpose of constructing and acquiring improvements, extensions and replacements to the waterworks system of the City. The bonds were sold to the Louisiana Department of Health and Hospitals, Drinking Water Revolving Loan Fund. Thirty percent (30%) of the City's obligation to repay the principal of the bonds will be forgiven simultaneously with the payment by the Department of each installment of the purchase price of the bonds. At the time of the debt forgiveness, these amounts are recognized as grant revenue. 4,371,837

Total bonds applicable to business-type activities \$ 5,741,837

Capital leases payable at June 30, 2014:

	Original Amount	Maturity Date	Interest Rates	Balance Outstanding
Fire equipment	\$ 666,583	04/25/28	4.98%	\$ 516,957

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(11) Changes in Long-Term Debt (Continued)

Annual debt service requirement of bonds outstanding are as follows:

Year ending June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	Principal payments	Interest payments	Principal payments	Interest payments	Principal payments	Interest payments
2015	\$ 310,000	\$ 55,117	\$ 791,837	\$ 159,982	\$ 1,101,837	\$ 215,099
2016	327,000	46,511	231,000	149,170	558,000	195,681
2017	335,000	37,308	240,000	141,074	575,000	178,382
2018	352,000	27,666	250,000	132,496	602,000	160,162
2019	363,000	17,479	260,000	123,412	623,000	140,891
2020-2024	412,000	9,337	1,327,000	465,359	1,739,000	474,696
2025-2029			949,000	288,422	949,000	288,422
2030-2034			1,124,000	138,414	1,124,000	138,414
2035	-	-	249,000	7,346	249,000	7,346
Total	<u>\$ 2,099,000</u>	<u>\$ 193,418</u>	<u>\$ 5,421,837</u>	<u>\$ 1,605,675</u>	<u>\$ 7,520,837</u>	<u>\$ 1,799,093</u>

Annual debt service requirements to maturity for the capital leases are as follows:

Year Ending June 30	Principal	Interest	Total
2015	\$ 29,234	\$ 25,744	\$ 54,978
2016	30,624	24,355	54,979
2017	32,215	22,764	54,979
2018	33,820	21,159	54,979
2019	35,504	19,475	54,979
2020 - 2024	205,783	69,110	274,893
2025 - 2027	149,777	18,159	167,936
	<u>\$ 516,957</u>	<u>\$ 200,766</u>	<u>\$ 717,723</u>

Leased equipment and vehicles under capital leases are included in capital assets at June 30, 2014 as follows:

Equipment and vehicles	\$ 830,481
Less: Accumulated depreciation	<u>(537,408)</u>
Net	<u>\$ 293,073</u>

Depreciation of leased equipment and vehicles under capital leases in the amount of \$61,381 for the year ended June 30, 2014 is included in depreciation expense.

Compensated absences payable is not amortizable because the timing of the payouts are based on factors outside the City's control.

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(11) Changes in Long-Term Debt (Continued)

Notes Payable:

On July 23, 2003, the City entered into an agreement with the Louisiana Department of Transportation and Development for utility relocation assistance funding. Issuance of future permits to the City by the Louisiana Department of Transportation and Development for location of additional longitudinal facilities within any state owned right of way is contingent upon repayment of this funding. The City must show a good faith effort to repay the debt by making annual payments to the Department of Transportation and Development of 5% of its gross income or 10% of its outstanding utility relocation assistance funding debt. The first payment must be made within one year of the date of invoicing to the City by the Department of Transportation and Development, and issuance of permits will remain suspended until the first payment is made. The City's payments are due by January 15th of each year. As of June 30, 2014, the City incurred \$535,778 in funding from this agreement. The relocation project was completed and had final inspection on July 13, 2010.

(12) Flow of Funds; Restrictions on Use

Business-type activities:

Sewer Fund –

A. General Obligation Bonds, Series 1995

Under the terms of the \$4,710,000 General Obligation Bonds, Series 1995 of the City of Leesville and General Obligation Bonds, Series 1995 of the Sewer District No. 3 of the City of Leesville, the City shall levy and collect annually ad valorem taxes pursuant to a special election held on November 8, 1997, in an amount sufficient to pay, when due, the principal and interest on the bonds. The tax shall be expended only for the purpose of paying promptly when due the principal and interest on the bonds.

General Obligation Bond Sinking Fund

The City is required to establish a separately identifiable fund or account to be designated the General Obligation Bond Sinking Fund. All monies from the collection of the ad valorem taxes shall be used solely to pay principal and interest on the bonds.

Sewer System Renewal and Replacement Fund

The City is required to establish a separately identifiable fund or account to be designated the Sewer System Renewal and Replacement Fund. The City is required to set aside into this fund, on or before the 20th day of each month of each year, beginning no later than the first full month after the loan closing, an amount equal to 5% of net revenues collected in the prior calendar month until the balance in the renewal and replacement fund equals to \$75,000. All monies in the renewal and replacement fund may be drawn on and used by the System for the purpose of paying the costs of any unusual and extraordinary maintenance and any improvements to the System, which will either enhance its revenue producing capacity or provide a higher degree of service.

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(12) Flow of Funds; Restrictions on Use (Continued)

B. Excess Revenue Refunding Bonds, Series 2002C

Under the terms of the \$320,000 Excess Revenue Refunding Bonds, Series 2002C, the City will maintain an excess revenue bond sinking fund in an amount to pay promptly and fully the principal of and interest on the bonds by transferring monthly payments on or before the 20th day of each month commencing in August 2002 a sum equal to 1/6th of the next interest payment due and 1/12th of the next principal due.

During the year ended June 30, 2014, the monthly sinking fund transfers were made as required by the agreement. These bonds were paid in full on August 1, 2012.

Water Fund –

Water Improvement Bond, Series 2007

Under the terms of the \$1,550,000 Water Improvement Bonds, Series 2007, the City is required to maintain an excess revenue bond sinking fund in an amount to pay promptly and fully the principal of and interest on the bonds by transferring monthly payments on or before the 20th day of each month commencing in August 2002 a sum equal to 1/6th of the next interest payment due and 1/12th of the next principal due.

During the year ended June 30, 2014, the monthly sinking fund transfers were made as required by the agreement.

Governmental Activities:

Sales Tax Refunding Bonds, Series 2013

Under the terms of the \$1,344,000 Sales Tax Refunding Bonds, Series 2013, which were issued on April 2, 2013 to refund a portion of the Sales Tax Revenue Public Improvement Bonds, Series 2005, the City will maintain a sinking fund sufficient in amount to pay promptly and fully the principal of and interest on the bonds by transferring from the sales tax fund monthly in advance a sum equal to the principal and interest accruing on such bonds during the period together with such additional proportionate sum as may be required to pay the principal and interest as they become due.

During the year ended June 30, 2014, the monthly sinking fund transfers were made as required by the agreements.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(13) Post Retirement Health Care and Life Insurance Benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2010, the City began to recognize the cost of postemployment healthcare in the year when employee services are received, to report the accumulated liability from prior years, and to provide information useful in assessing potential demands on the City's future cash flows. Because the City adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

Plan Description: Employees who retire from the City with twenty (20) years of service are eligible to continue health insurance coverage upon retirement up to the age of 65. The plan is a single-employer defined benefit health care plan administered by United Health Care. The City has the authority to establish and amend the benefit provisions of the plan. The plan does not issue a publicly available financial report.

Funding Policy: The City and retiree contribute the same percentage (approximately 78% and 22%, respectively) of the cost of the premiums for health insurance coverage.

Annual OPEB Cost: The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The amortization of the unfunded actuarial accrued liability is calculated assuming 30 level annual payments.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 402,366
Interest on net OPEB obligation	116,433
Adjustment to annual required contribution	<u>(174,687)</u>
Annual OPEB cost (expense)	344,112
Contributions made	<u>(112,821)</u>
Increase in net OPEB obligation	231,291
Net OPEB obligation - beginning of year	<u>2,910,830</u>
Net OPEB obligation - end of year	<u>\$ 3,142,121</u>

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(13) Post Retirement Health Care and Life Insurance Benefits (Continued)

The City's estimated annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the prior three years assuming the plan is not prefunded:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	354,439	24.73%	2,661,594
6/30/2013	349,100	28.61%	2,910,830
6/30/2014	344,112	32.79%	3,142,121

The net OPEB benefit payable balance of \$2,910,830 is included in the statement of net assets in noncurrent liabilities. Of this amount, \$2,634,803 is applicable to governmental activities and \$276,027 is applicable to business-type activities.

Funded Status and Funding Progress: The funded status of the plan as of July 1, 2012, was as follows:

Actuarial accrued liability (AAL)	\$ 2,939,466
Actuarial valuation of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,939,466</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 2,608,950
UAAL as a percentage of covered payroll	113%

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the City's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(13) Post Retirement Health Care and Life Insurance Benefits (Continued)

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the unit credit actuarial cost method was used. The significant actuarial assumptions used in the valuation of the plan are as follows:

1. Discount rate for valuing liabilities: 4.0% per annum, compounded annually.
2. Retirement rates - (Rates are the same for both male and female.)

<u>Age</u>	<u>Rate</u>
46 - 49	13.0%
50 - 54	21.0%
55 - 64	26.0%
65	49.0%

3. Mortality rates - Sex Distinct RP-2000 Combined Healthy Mortality Table projected to 2012 using scale AA. For pre-retirement, males set forward three years and females set back two years. For post-retirement, males set forward one year.
4. 100% of employees who are eligible for retiree medical benefits and Medicare are assumed to elect medical coverage in retirement.
5. For actives it is assumed that husbands are three years older than their wives. 80% of active participants making it to retirement are assumed to be married and elect spouse medical coverage.
6. It is assumed that the age adjusted retiree cost under the Alternative Measurement Methodology, allowed for plans with less than 100 participants, is as follows:

	<u>Medical and Rx</u>	
	<u>Retiree</u>	<u>Spouse</u>
Pre-65	\$ 10,025	\$ 11,028
Post-65	N/A	N/A

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(13) Post Retirement Health Care and Life Insurance Benefits (Continued)

7. Medical and prescription drug inflation (trend assumption)

<u>Year</u>	<u>Trend</u>
2011	6.7%
2012	6.5%
2013	6.0%
2014-2017	5.9%
2018-2021	5.8%
2022-2026	5.7%
2027-2029	5.6%
-	-
-	-
-	-
2088	4.2%

(14) Employee Retirement

Substantially all employees of the City are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(14) Employee Retirement (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy - Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 17% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending June 30, 2014, 2013, and 2012 were \$197,193, \$173,217, and \$138,758, respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description - All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(14) Employee Retirement (Continued)

B. Municipal Police Employees Retirement System of Louisiana (System)

Funding Policy - Plan members are required by state statute to contribute 10.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 31% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending June 30, 2014, 2013, and 2012 were \$204,329, \$147,496, and \$73,074, respectively, equal to the required contributions for each year.

C. Firefighters' Retirement System of Louisiana

Plan Description - Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Funding Policy - Plan members are required by state statute to contribute 10.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 24% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending June 30, 2014, 2013 and 2012 were \$120,315, \$108,637, and \$92,251, respectively, equal to the required contributions for each year.

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(14) Employee Retirement (Continued)

D. Social Security System

Employees of the City of Leesville who are not eligible to participate in any other retirement system are members of the Social Security System. The City and its employees contribute a percentage of each employee's salary to the System (7.65 percent contributed by the City; 5.65 percent contributed by the employee). The City's contributions during the years ending June 30, 2014 amounted to \$240,776.

E. Deferred Compensation Plan

The City of Leesville offers its employees participation in the State of Louisiana Public Employees Deferred Compensation Plan adopted by the Louisiana Deferred Compensation Commission and established in accordance with Internal Revenue Code Section 457. Complete disclosure relating to the plan are included in the separately issued audit report for the plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana, 70804-9397.

(15) Litigation and Claims

At June 30, 2014, the City of Leesville was a defendant in several lawsuits. The City's legal counsel has reviewed the claims and lawsuits, in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if any, of the amount or range of potential loss to the City not covered by insurance. As a result of the review, there are no claims and lawsuits which might result in a liability to the City which are not considered covered by insurance.

(16) Risk Management

Commercial Insurance Coverage

The City is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(17) Excess of Expenditures Over Appropriations

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2014:

General Fund	\$ 45,532
Sales Tax Fund	45,849

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(18) Compensation of City Officials

A detail of compensation paid to the Mayor and Council Members for the year ended June 30, 2014 follows:

C. Robert Rose	\$ 13,000
Council Members:	
Willie Mae Kennedy	7,250
Milton D. Dowd	7,250
William M. Elliott	7,250
Patricia Martinez	7,250
Joseph P. McKee	7,250
Alice F. Guess	7,250
Total	<u>\$ 56,500</u>

(19) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at June 30, 2014:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ 426,547	\$ -
Sales Tax Fund	-	1,321,591
Public Safety Fund	-	142,473
Non major governmental funds:		
Mainstreet Program Fund	-	3,235
Sales Tax Sinking Fund	-	52,542
2004 GOB Street Improvements	176,732	-
Airport Constsruction	13,883	-
LCDBG Economic Development	-	-
Total governmental funds	<u>617,162</u>	<u>1,519,841</u>
Proprietary funds:		
Sewer Fund	-	648,470
Water Fund	1,551,149	-
Total proprietary funds	<u>1,551,149</u>	<u>648,470</u>
Total	<u>\$ 2,168,311</u>	<u>\$ 2,168,311</u>

The amounts due to various other funds are for short-term loans.

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(19) Interfund Receivables/Payables (Continued)

B. Transfers consisted of the following at June 30, 2014:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 711,507	\$ 55,500
Sales Tax Fund	-	2,408,876
Public Safety Fund	1,525,000	-
Non major governmental funds:		
Mainstreet Program Fund	39,480	-
Sales Tax Sinking Fund	176,972	-
Total governmental funds	<u>2,452,959</u>	<u>2,464,376</u>
Proprietary funds:		
Sewer Fund	295	-
Water Fund	11,122	-
Total proprietary funds	<u>11,417</u>	<u>-</u>
Total	<u>\$ 2,464,376</u>	<u>\$ 2,464,376</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(20) New Accounting Pronouncements

During the fiscal year ended December 31, 2013, the City of Leesville, Louisiana adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which provides clarity for reporting deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Certain items previously reported as assets or liabilities are now reported as deferred outflows of resources or deferred inflows of resources.

In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangement that meet the criteria established by this standard. The provisions of GASB Statement No. 68 must be implemented by the City for the year ending June 30, 2015. The effect of implementation on the City's financial statements has not been determined.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(21) Deficit Fund Balance

The Public Safety Fund had a deficit fund balance at June 30, 2014 of \$(102,639). This deficit will be eliminated by increasing revenues and/or reducing expenditures.

(22) Beginning Net Position Adjustment

The following schedule reconciles June 30, 2013, net position as previously reported, to beginning net position, as restated, as a result of a reclassification of previously reported liabilities by the adoption of GASB Statement 65. Debt issuance costs reported as liabilities prior to GASB Statement 65 have been reclassified into net position.

	<u>Business-Type Activities</u>	<u>Sewer Fund</u>
June 30, 2013 net position, as previously reported	\$ 10,706,771	\$ 6,878,599
Prior period adjustment:		
Change in accounting principle:		
Reclassification of liabilities	<u>(1,321)</u>	<u>(1,321)</u>
Total	<u>\$ 10,705,450</u>	<u>\$ 6,877,278</u>

(23) Subsequent Event Review

The City's management has evaluated subsequent events through November 7, 2014, the date which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 833,419	\$1,224,006	\$1,282,689	\$ 58,683
Licenses and permits	394,145	415,208	465,372	50,164
Intergovernmental	58,250	54,512	69,617	15,105
Charges for services	236,408	206,680	237,149	30,469
Miscellaneous	96,205	135,104	113,399	(21,705)
Total revenues	<u>1,618,427</u>	<u>2,035,510</u>	<u>2,168,226</u>	<u>132,716</u>
Expenditures:				
Current:				
General government:				
General and administrative	701,282	714,005	738,919	(24,914)
Executive	82,273	89,182	86,860	2,322
Legal	69,076	82,628	111,703	(29,075)
Public works	959,174	873,536	912,458	(38,922)
Economic development	268,073	304,221	317,938	(13,717)
Debt service	57,540	-	3,321	(3,321)
Capital outlay	215,000	256,150	194,055	62,095
Total expenditures	<u>2,352,418</u>	<u>2,319,722</u>	<u>2,365,254</u>	<u>(45,532)</u>
Deficiency of revenues over expenditures	<u>(733,991)</u>	<u>(284,212)</u>	<u>(197,028)</u>	<u>87,184</u>
Other financing sources (uses):				
Transfers in	810,092	522,603	711,507	188,904
Transfers out	<u>(39,480)</u>	<u>(39,965)</u>	<u>(55,500)</u>	<u>(15,535)</u>
Total other financing sources (uses)	<u>770,612</u>	<u>482,638</u>	<u>656,007</u>	<u>173,369</u>
Excess of revenues and other sources over expenditures and other uses	36,621	198,426	458,979	260,553
Fund balance, beginning	<u>174,449</u>	<u>174,449</u>	<u>174,449</u>	<u>-</u>
Fund balance, ending	<u>\$ 211,070</u>	<u>\$ 372,875</u>	<u>\$ 633,428</u>	<u>\$ 260,553</u>

CITY OF LEESVILLE, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,895,000	\$ 2,847,427	\$ 2,799,009	\$ (48,418)
Charges for services	57,900	50,631	60,604	9,973
Miscellaneous	9,900	12,344	17,420	5,076
Total revenues	<u>2,962,800</u>	<u>2,910,402</u>	<u>2,877,033</u>	<u>(33,369)</u>
Expenditures:				
Current:				
General government	109,003	119,637	116,017	3,620
Culture and recreation	323,600	308,082	346,057	(37,975)
Capital outlay	<u>21,000</u>	<u>13,163</u>	<u>24,657</u>	<u>(11,494)</u>
Total expenditures	<u>453,603</u>	<u>440,882</u>	<u>486,731</u>	<u>(45,849)</u>
Excess of revenues over expenditures	2,509,197	2,469,520	2,390,302	(79,218)
Other financing uses:				
Transfers out	<u>(2,470,017)</u>	<u>(2,411,725)</u>	<u>(2,408,876)</u>	<u>2,849</u>
Excess (deficiency) of revenues over expenditures and other uses	39,180	57,795	(18,574)	(76,369)
Fund balance, beginning	<u>356,826</u>	<u>356,826</u>	<u>356,826</u>	<u>-</u>
Fund balance, ending	<u>\$ 396,006</u>	<u>\$ 414,621</u>	<u>\$ 338,252</u>	<u>\$ (76,369)</u>

CITY OF LEESVILLE, LOUISIANA
Public Safety Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,450,000	\$ 1,433,555	\$ 1,378,495	\$ (55,060)
Intergovernmental	236,600	245,472	209,923	(35,549)
Charges for services	111,100	164,753	177,947	13,194
Fines and forfeitures	402,000	267,500	264,701	(2,799)
Miscellaneous	20,000	17,341	34,515	17,174
Total revenues	<u>2,219,700</u>	<u>2,128,621</u>	<u>2,065,581</u>	<u>(63,040)</u>
Expenditures:				
Current:				
General government	-	-	8,930	(8,930)
Public Safety:				
Police	2,230,649	2,263,993	2,239,514	24,479
Fire	1,158,498	1,115,628	1,100,215	15,413
City Court	81,320	93,501	95,300	(1,799)
Debt service	143,500	137,062	156,847	(19,785)
Capital outlay	90,900	127,360	96,137	31,223
Total expenditures	<u>3,704,867</u>	<u>3,737,544</u>	<u>3,696,943</u>	<u>40,601</u>
Deficiency of revenues over expenditures	(1,485,167)	(1,608,923)	(1,631,362)	(22,439)
Other financing sources (uses):				
Transfers in	<u>1,525,000</u>	<u>1,661,750</u>	<u>1,525,000</u>	<u>(136,750)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	39,833	52,827	(106,362)	(159,189)
Fund balance, beginning	<u>3,723</u>	<u>3,723</u>	<u>3,723</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 43,556</u>	<u>\$ 56,550</u>	<u>\$ (102,639)</u>	<u>\$(159,189)</u>

CITY OF LEESVILLE, LOUISIANA

Schedule of Funding Progress
For the Year Ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2009	\$ -	\$11,501,955	\$11,501,955	0.0%	\$3,692,371	312%
July 1, 2011	-	2,939,466	2,939,466	0.0%	1,363,773	216%
July 1, 2013	-	2,939,466	2,939,466	0.0%	2,608,950	113%

OTHER SUPPLEMENTARY INFORMATION

CITY OF LEESVILLE, LOUISIANA

Statement of Net Position
June 30, 2014
With Comparative Totals for June 30, 2013

	2014			2013
	Governmental	Business-Type	Total	Totals
	Activities	Activities		
ASSETS				
Cash and interest-bearing deposits	\$ 1,914,161	\$ 214,639	\$ 2,128,800	\$ 2,370,300
Receivables	674,447	402,343	1,076,790	1,032,197
Due from other governmental agencies	46,066	3,572,413	3,618,479	307,387
Inventories	155,168	-	155,168	181,909
Other assets	122,816	19,667	142,483	52,545
Restricted assets:				
Cash and interest-bearing deposits	-	448,675	448,675	415,699
Capital assets:				
Land and construction in progress	1,387,790	4,648,597	6,036,387	2,788,430
Capital assets, net	<u>13,553,836</u>	<u>10,151,916</u>	<u>23,705,752</u>	<u>24,310,098</u>
Total assets	<u>17,854,284</u>	<u>19,458,250</u>	<u>37,312,534</u>	<u>31,458,565</u>
LIABILITIES				
Accounts and other payables	491,431	581,696	1,073,127	1,311,735
Interest payable	29,852	22,216	52,068	54,396
Advance fuel sales	4,309	-	4,309	1,724
Note payable	25,713	91,689	117,402	211,894
Internal balances	902,679	(902,679)	-	-
Long-term liabilities:				
Customer deposits payable	-	226,534	226,534	230,210
Compensated absences payable	244,102	41,507	285,609	290,369
OPEB obligation payable	2,705,715	436,406	3,142,121	2,910,830
Bonds, notes, and leases due within one year	-	415,000	415,000	812,438
Bonds, notes, and leases due after one year, net	<u>2,615,957</u>	<u>5,663,590</u>	<u>8,279,547</u>	<u>4,388,052</u>
Total liabilities	<u>7,019,758</u>	<u>6,575,959</u>	<u>13,595,717</u>	<u>10,211,648</u>
NET POSITION				
Net investment in capital assets	12,325,669	8,921,848	21,247,517	22,058,289
Restricted for debt service	559,243	-	559,243	555,864
Restricted for capital projects	32,278	-	32,278	30,110
Unrestricted (deficit)	<u>(2,082,664)</u>	<u>3,960,443</u>	<u>1,877,779</u>	<u>(1,397,346)</u>
Total net position	<u>\$10,834,526</u>	<u>\$12,882,291</u>	<u>\$23,716,817</u>	<u>\$21,246,917</u>

CITY OF LEESVILLE, LOUISIANA

Comparative Balance Sheet - General Fund and Major Special Revenue Funds
June 30, 2014 and 2013

	General		Sales Tax		Public Safety	
	2014	2013	2014	2013	2014	2013
ASSETS						
Cash and interest-bearing deposits	\$ -	\$ -	\$ 1,433,029	\$ 1,340,392	\$ -	\$ -
Receivables -						
Due from other funds	426,547	524,431	-	-	-	-
Due from other governmental agencies	5,770	5,974	-	-	-	12,540
Other	298,126	221,722	252,135	265,780	124,186	130,907
Prepaid items	66,774	24,863	1,306	753	54,736	20,951
Inventories	155,168	181,909	-	-	-	-
Total assets	<u>\$ 952,385</u>	<u>\$ 958,899</u>	<u>\$ 1,686,470</u>	<u>\$ 1,606,925</u>	<u>\$ 178,922</u>	<u>\$ 164,398</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 256,460	\$ 195,921	\$ 19,749	\$ 12,995	\$ 70,465	\$ 16,430
Accrued liabilities	32,475	53,872	6,878	7,694	68,623	65,981
Due to other funds	-	451,138	1,321,591	1,229,410	142,473	78,264
Advance fuel sales	4,309	1,724	-	-	-	-
Note payable	25,713	81,795	-	-	-	-
Total liabilities	<u>318,957</u>	<u>784,450</u>	<u>1,348,218</u>	<u>1,250,099</u>	<u>281,561</u>	<u>160,675</u>
Fund balances -						
Nonspendable	221,942	206,772	1,306	753	54,736	20,951
Assigned	-	-	336,946	356,073	(157,375)	(17,228)
Unassigned	411,486	(32,323)	-	-	-	-
Total fund balances	<u>633,428</u>	<u>174,449</u>	<u>338,252</u>	<u>356,826</u>	<u>(102,639)</u>	<u>3,723</u>
Total liabilities and fund balances	<u>\$ 952,385</u>	<u>\$ 958,899</u>	<u>\$ 1,686,470</u>	<u>\$ 1,606,925</u>	<u>\$ 178,922</u>	<u>\$ 164,398</u>

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	Budget			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		2013
Revenues:					
Taxes	\$ 833,419	\$1,224,006	\$1,282,689	\$ 58,683	\$ 768,407
Licenses and permits	394,145	415,208	465,372	50,164	456,587
Intergovernmental	58,250	54,512	69,617	15,105	97,050
Charges for services	236,408	206,680	237,149	30,469	175,172
Miscellaneous	96,205	135,104	113,399	(21,705)	139,714
Total revenues	<u>1,618,427</u>	<u>2,035,510</u>	<u>2,168,226</u>	<u>132,716</u>	<u>1,636,930</u>
Expenditures:					
Current:					
General government:					
General and administrative	701,282	714,005	738,919	(24,914)	824,011
Executive	82,273	89,182	86,860	2,322	90,967
Legal	69,076	82,628	111,703	(29,075)	117,395
Public works	959,174	873,536	912,458	(38,922)	833,025
Economic development	268,073	304,221	317,938	(13,717)	272,437
Debt service	57,540	-	3,321	(3,321)	4,431
Capital outlay	215,000	256,150	194,055	62,095	147,054
Total expenditures	<u>2,352,418</u>	<u>2,319,722</u>	<u>2,365,254</u>	<u>(45,532)</u>	<u>2,289,320</u>
Deficiency of revenues over expenditures	<u>(733,991)</u>	<u>(284,212)</u>	<u>(197,028)</u>	<u>87,184</u>	<u>(652,390)</u>
Other financing sources (uses):					
Transfers in	810,092	522,603	711,507	188,904	912,285
Transfers out	<u>(39,480)</u>	<u>(39,965)</u>	<u>(55,500)</u>	<u>(15,535)</u>	<u>(85,446)</u>
Total other financing sources (uses)	<u>770,612</u>	<u>482,638</u>	<u>656,007</u>	<u>173,369</u>	<u>826,839</u>
Excess of revenues and other sources over expenditures and other uses	36,621	198,426	458,979	260,553	174,449
Fund balance, beginning	<u>174,449</u>	<u>174,449</u>	<u>174,449</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ 211,070</u>	<u>\$ 372,875</u>	<u>\$ 633,428</u>	<u>\$ 260,553</u>	<u>\$ 174,449</u>

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				
	Budget			Variance with Final Budget Positive (Negative)	2013 Actual
	Original	Final	Actual		
Taxes:					
Ad valorem	\$ 283,419	\$ 238,667	\$ 234,794	\$ (3,873)	\$ 229,981
Franchise	550,000	985,339	1,047,895	62,556	538,426
Total taxes	833,419	1,224,006	1,282,689	58,683	768,407
Licenses and permits:					
Occupational licenses	383,545	389,363	439,671	50,308	445,634
Permits	10,600	25,845	25,701	(144)	10,953
Total licenses and permits	394,145	415,208	465,372	50,164	456,587
Intergovernmental:					
State of Louisiana -					
Beer taxes	26,250	22,686	22,463	(223)	22,646
State grants	2,000	2,000	17,328	15,328	41,285
Payment in lieu of taxes	30,000	29,826	29,826	-	33,119
Total intergovernmental	58,250	54,512	69,617	15,105	97,050
Charges for services:					
Inspection fees	11,000	8,520	8,355	(165)	9,964
Airport hanger rent	28,000	25,680	25,155	(525)	25,689
Airport fuel sales	143,000	147,180	177,003	29,823	131,901
Industrial park	34,408	24,000	24,000	-	4,000
Miscellaneous	20,000	1,300	2,636	1,336	3,618
Total charges for services	236,408	206,680	237,149	30,469	175,172
Miscellaneous:					
Interest	360	745	777	32	542
Video bingo	70,000	62,000	59,097	(2,903)	67,652
Other sources	25,845	72,359	53,525	(18,834)	71,520
Total miscellaneous	96,205	135,104	113,399	(21,705)	139,714
Total revenues	<u>\$1,618,427</u>	<u>\$2,035,510</u>	<u>\$2,168,226</u>	<u>\$ 132,716</u>	<u>\$1,636,930</u>

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			Variance with	
	Budget			Final Budget	2013
	Original	Final	Actual	Positive (Negative)	Actual
Current:					
General government:					
General and administrative -					
Salaries and wages	\$ 296,052	\$ 295,713	\$ 285,385	\$ 10,328	\$ 280,071
Payroll taxes	22,444	22,723	28,075	(5,352)	21,301
Retirement contribution	21,327	22,215	22,324	(109)	40,174
Deferred compensation	4,879	2,952	2,589	363	-
Hospitalization	20,445	21,309	22,279	(970)	14,737
Insurance	29,435	34,175	40,725	(6,550)	35,411
Materials and supplies	63,400	51,445	54,406	(2,961)	66,734
Advertisements and recordings	16,000	25,313	22,740	2,573	17,969
Accounting and auditing	60,000	47,540	53,580	(6,040)	88,445
Professional fees	-	-	-	-	32,046
Miscellaneous	43,600	45,177	66,045	(20,868)	44,846
Utilities and telephone	23,900	48,312	51,300	(2,988)	31,684
Repairs and maintenance	40,800	35,596	36,083	(487)	40,322
Dues	2,500	1,300	1,525	(225)	2,357
Travel	5,000	5,983	5,784	199	4,623
Uniforms	12,000	21,789	13,038	8,751	15,661
Annexation related costs	7,500	3,520	3,520	-	10,015
Legal fees	7,000	3,943	4,521	(578)	8,362
Fort Polk Progress	25,000	25,000	25,000	-	25,000
Towering Pines condemnation	-	-	-	-	44,253
Total general and administrative	701,282	714,005	738,919	(24,914)	824,011
Executive -					
Salaries	55,000	56,500	54,436	2,064	56,793
Payroll taxes	4,320	3,802	4,001	(199)	4,886
Hospitalization	-	-	247	(247)	-
Insurance	2,853	1,192	844	348	2,836
Travel	7,500	5,809	5,799	10	6,903
Public relations	6,000	16,760	17,414	(654)	12,904
Vehicle expense	6,600	5,119	4,119	1,000	6,645
Total executive	82,273	89,182	86,860	2,322	90,967

(continued)

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				
	Budget			Variance with Final Budget	2013
	Original	Final	Actual	Positive (Negative)	Actual
Legal -					
Salaries	36,000	36,000	34,759	1,241	35,192
Payroll taxes	2,826	2,800	2,754	46	2,773
Insurance	250	85	59	26	252
Legal fees	30,000	43,743	74,131	(30,388)	79,178
Total legal	69,076	82,628	111,703	(29,075)	117,395
Public works:					
Salaries	397,384	399,844	384,414	15,430	373,838
Payroll taxes	36,423	34,054	28,657	5,397	29,322
Retirement contribution	28,751	29,414	29,170	244	50,207
Deferred compensation	10,550	-	-	-	-
Hospitalization	37,864	37,071	38,708	(1,637)	28,835
Maintenance and supplies	198,350	190,314	200,846	(10,532)	155,693
Dumpster service	6,500	5,129	6,221	(1,092)	6,292
Utilities and telephone	103,425	129,637	132,050	(2,413)	111,457
Insurance	74,627	39,872	34,305	5,567	71,408
Miscellaneous	65,300	8,201	58,087	(49,886)	5,973
Total public works	959,174	873,536	912,458	(38,922)	833,025
Economic development -					
Salaries	30,000	33,335	31,623	1,712	34,697
Payroll taxes	2,400	2,498	2,550	(52)	2,781
Maintenance and supplies	86,592	86,325	35,282	51,043	26,538
Fuel	116,142	135,054	137,503	(2,449)	113,774
Utilities and telephone	23,000	38,048	38,773	(725)	29,683
Insurance	5,220	4,711	62,955	(58,244)	62,687
Hospitalization	-	-	4,712	(4,712)	-
Miscellaneous	4,719	4,250	4,540	(290)	2,277
Total economic development	268,073	304,221	317,938	(13,717)	272,437

(continued)

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			
	Budget		Variance with Final Budget Positive (Negative)	2013 Actual
	Original	Final	Actual	
Debt service:				
Retirement of principal	57,540	-	-	1
Interest and fiscal charges	-	-	3,321	4,430
Total debt service	57,540	-	3,321	4,431
Capital outlay:				
General government	45,000	25,664	10,925	9,100
Public works	170,000	230,486	183,130	91,307
Economic development	-	-	-	46,647
Total capital outlay	215,000	256,150	194,055	147,054
Total expenditures	<u>\$2,352,418</u>	<u>\$2,319,722</u>	<u>\$2,365,254</u>	<u>\$2,289,320</u>

CITY OF LEESVILLE, LOUISIANA
Special Revenue Fund
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			
	Budget		Variance with Final Budget	2013
	Original	Final	Positive (Negative)	Actual
Revenues:				
Taxes	\$ 2,895,000	\$ 2,847,427	\$ (48,418)	\$ 2,881,009
Charges for services	57,900	50,631	9,973	57,152
Miscellaneous	9,900	12,344	5,076	12,769
Total revenues	<u>2,962,800</u>	<u>2,910,402</u>	<u>(33,369)</u>	<u>2,950,930</u>
Expenditures:				
Current -				
General government:				
Salaries and wages	40,000	40,000	1,722	28,183
Payroll taxes	3,140	3,140	583	2,126
Retirement contribution	3,200	3,400	260	4,834
Deferred compensation	1,200	1,015	92	-
Hospitalization	11,678	11,567	358	6,679
Collection fees	47,000	46,500	3,583	50,804
Miscellaneous	<u>2,785</u>	<u>14,015</u>	<u>(2,978)</u>	<u>1,543</u>
Total general government	<u>109,003</u>	<u>119,637</u>	<u>3,620</u>	<u>94,169</u>
Culture and recreation:				
Recreation department	112,169	99,693	(2,254)	113,534
Recreation complex	43,325	40,957	(2,350)	48,695
Neighborhood center	128,455	122,585	(3,564)	124,136
Leisure pool	<u>39,651</u>	<u>44,847</u>	<u>(29,807)</u>	<u>39,943</u>
Total culture and recreation	<u>323,600</u>	<u>308,082</u>	<u>(37,975)</u>	<u>326,308</u>
Capital outlay -				
Culture and recreation:				
Recreation department	16,000	12,763	(11,494)	-
Neighborhood center	<u>5,000</u>	<u>400</u>	<u>-</u>	<u>3,538</u>
Total capital outlay	<u>21,000</u>	<u>13,163</u>	<u>(11,494)</u>	<u>3,538</u>
Total expenditures	<u>453,603</u>	<u>440,882</u>	<u>(45,849)</u>	<u>424,015</u>
Excess of revenues over expenditures	2,509,197	2,469,520	(79,218)	2,526,915
Other financing uses:				
Transfers out	<u>(2,470,017)</u>	<u>(2,411,725)</u>	<u>2,849</u>	<u>(2,487,434)</u>
Excess (deficiency) of revenues over expenditures and other uses	39,180	57,795	(76,369)	39,481
Fund balance, beginning	<u>356,826</u>	<u>356,826</u>	<u>-</u>	<u>317,345</u>
Fund balance, ending	<u>\$ 396,006</u>	<u>\$ 414,621</u>	<u>\$ (76,369)</u>	<u>\$ 356,826</u>

CITY OF LEESVILLE, LOUISIANA
Special Revenue Fund
Public Safety Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			Variance with Final Budget	2013
	Budget			Positive (Negative)	Actual
	Original	Final	Actual		
Revenues:					
Taxes	\$ 1,450,000	\$ 1,433,555	\$ 1,378,495	\$ (55,060)	\$ 1,419,065
Intergovernmental	236,600	245,472	209,923	(35,549)	292,327
Fines and forfeitures	402,000	267,500	264,701	(2,799)	283,824
Charges for services	111,100	164,753	177,947	13,194	125,128
Miscellaneous	20,000	17,341	34,515	17,174	62,875
Total revenues	<u>2,219,700</u>	<u>2,128,621</u>	<u>2,065,581</u>	<u>(63,040)</u>	<u>2,183,219</u>
Expenditures:					
Current -					
General Government:					
Accounting and auditing	<u>-</u>	<u>-</u>	<u>8,930</u>	<u>(8,930)</u>	<u>-</u>
Public safety:					
Police -					
Salaries and wages	1,211,382	1,244,198	1,243,909	289	1,263,374
Payroll taxes	92,267	92,132	89,613	2,519	73,147
Retirement contribution	238,000	210,596	217,543	(6,947)	204,004
Hospitalization	151,146	132,138	131,793	345	156,597
Insurance	151,354	85,444	82,610	2,834	165,018
Telephone and utilities	36,000	42,381	43,859	(1,478)	36,765
Maintenance and supplies	185,000	188,753	203,602	(14,849)	212,925
Collection fee	23,000	21,763	21,257	506	25,080
Equipment lease	45,000	38,999	27,211	11,788	48,813
Prisoner expense	48,000	160,806	129,885	30,921	54,831
Miscellaneous	49,500	46,783	48,232	(1,449)	61,852
Total police	<u>2,230,649</u>	<u>2,263,993</u>	<u>2,239,514</u>	<u>24,479</u>	<u>2,302,406</u>
Fire -					
Salaries and wages	644,849	668,000	654,865	13,135	631,813
Payroll taxes	51,988	49,567	47,742	1,825	46,107
Retirement contribution	130,013	130,500	130,696	(196)	120,934
Hospitalization	100,665	86,000	83,979	2,021	101,124
Insurance	95,063	50,987	44,152	6,835	100,610
Telephone and utilities	29,800	31,799	31,079	720	27,613
Maintenance and supplies	78,620	72,386	77,968	(5,582)	71,873
Miscellaneous	27,500	26,389	29,734	(3,345)	39,569
Total fire	<u>1,158,498</u>	<u>1,115,628</u>	<u>1,100,215</u>	<u>15,413</u>	<u>1,139,643</u>

(continued)

CITY OF LEESVILLE, LOUISIANA
Special Revenue Fund
Public Safety Special Revenue Fund

Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			Variance with Final Budget Positive (Negative)	2013 Actual
	Budget		Actual		
	Original	Final			
Expenditures (continued):					
City Court -					
Salaries and wages	56,000	69,309	69,627	(318)	64,409
Payroll taxes	4,400	4,890	5,302	(412)	5,090
Hospitalization	-	-	-	-	6
Insurance	170	180	90	90	172
Miscellaneous	12,750	12,000	13,000	(1,000)	12,500
Utilities	8,000	7,122	7,281	(159)	6,869
Total city court	81,320	93,501	95,300	(1,799)	89,046
Debt service -					
Retirement of principal	113,695	107,450	127,563	(20,113)	128,926
Interest and fiscal charges	29,805	29,612	29,284	328	34,338
Total debt service	143,500	137,062	156,847	(19,785)	163,264
Capital outlay -					
Public safety:					
Police	23,500	56,122	37,522	18,600	19,000
Fire	67,400	71,238	58,615	12,623	30,670
Total capital outlay	90,900	127,360	96,137	31,223	49,670
Total expenditures	3,704,867	3,737,544	3,696,943	40,601	3,744,029
Deficiency of revenues over expenditures	(1,485,167)	(1,608,923)	(1,631,362)	(22,439)	(1,560,810)
Other financing sources (uses):					
Transfers in	1,525,000	1,661,750	1,525,000	(136,750)	1,475,000
Excess (deficiency) of revenues and other sources over expenditures	39,833	52,827	(106,362)	(159,189)	(85,810)
Fund balance, beginning	3,723	3,723	3,723	-	89,533
Fund balance (deficit), ending	\$ 43,556	\$ 56,550	\$ (102,639)	\$(159,189)	\$ 3,723

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Mainstreet Program Fund -

To account for the activity to foster economic development and stimulate cultural tourism throughout the City's downtown area.

Debt Service Funds

Debt service funds are used to accumulate resources to be used to make debt service principal and interest payments on general obligation long-term debt.

Sales Tax Sinking Fund

To accumulate monies for payment of the \$2,500,000 Public Improvement Sales Tax Bonds, Series 2005. Debt service is financed by the collection of sales taxes.

2004 GOB Street Improvement Fund

To accumulate monies for payment of the \$1,800,000 General Obligation Bonds, Series 2004. Debt service is financed by the collection of ad valorem taxes.

Capital Projects Funds

Capital projects funds are used to accumulate resources to be used for the acquisition or construction of capital facilities.

Airport Construction Fund -

To account for improvements and rehabilitation costs associated with the City's airport which is funded by state and federal monies.

CITY OF LEESVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2014

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and interest-bearing deposits	\$ -	\$ 464,905	\$ 16,227	\$ 481,132
Receivables -				
Due from other funds	-	176,732	13,883	190,615
Due from other governmental agencies	<u>5,276</u>	<u>-</u>	<u>35,020</u>	<u>40,296</u>
Total assets	<u>\$ 5,276</u>	<u>\$ 641,637</u>	<u>\$ 65,130</u>	<u>\$ 712,043</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 236	\$ -	\$ -	\$ 236
Accrued liabilities	1,525	-	-	1,525
Contracts and retainage payable	-	-	35,020	35,020
Due to other funds	<u>3,235</u>	<u>52,542</u>	<u>-</u>	<u>55,777</u>
Total liabilities	<u>4,996</u>	<u>52,542</u>	<u>35,020</u>	<u>92,558</u>
Fund balances:				
Restricted for debt service	-	589,095	-	589,095
Restricted for capital projects	-	-	30,110	30,110
Assigned	<u>280</u>	<u>-</u>	<u>-</u>	<u>280</u>
Total fund balances	<u>280</u>	<u>589,095</u>	<u>30,110</u>	<u>619,485</u>
Total liabilities and fund balances	<u>\$ 5,276</u>	<u>\$ 641,637</u>	<u>\$ 65,130</u>	<u>\$ 712,043</u>

CITY OF LEESVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:				
Taxes	\$ -	\$ 183,347	\$ -	\$ 183,347
Intergovernmental	13,000	-	318,733	331,733
Miscellaneous	<u>600</u>	<u>824</u>	<u>-</u>	<u>1,424</u>
Total revenues	<u>13,600</u>	<u>184,171</u>	<u>318,733</u>	<u>516,504</u>
Expenditures:				
Current -				
Public works	54,577	-	-	54,577
Debt service	-	355,749	-	355,749
Capital outlay	<u>-</u>	<u>-</u>	<u>318,733</u>	<u>318,733</u>
Total expenditures	<u>54,577</u>	<u>355,749</u>	<u>318,733</u>	<u>729,059</u>
Deficiency of revenues over expenditures	(40,977)	(171,578)	-	(212,555)
Other financing sources (uses):				
Transfers in	<u>39,480</u>	<u>176,972</u>	<u>-</u>	<u>216,452</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,497)	5,394	-	3,897
Fund balances, beginning	<u>1,777</u>	<u>583,701</u>	<u>30,110</u>	<u>615,588</u>
Fund balances, ending	<u>\$ 280</u>	<u>\$ 589,095</u>	<u>\$ 30,110</u>	<u>\$ 619,485</u>

NONMAJOR DEBT SERVICE FUNDS

CITY OF LEESVILLE, LOUISIANA
Nonmajor Debt Service Funds

Combining Balance Sheet
June 30, 2014

	Sales Tax Sinking	2004 GOB Street Improvements	Total
ASSETS			
Cash and interest-bearing deposits	\$ 406,282	\$ 58,623	\$ 464,905
Due from other funds	<u>-</u>	<u>176,732</u>	<u>176,732</u>
Total assets	<u>\$ 406,282</u>	<u>\$ 235,355</u>	<u>\$ 641,637</u>
LIABILITIES AND FUND BALANCES			
Due to other funds	\$ 52,542	\$ -	\$ 52,542
Fund balances:			
Restricted for debt service	<u>353,740</u>	<u>235,355</u>	<u>589,095</u>
Total liabilities and fund balances	<u>\$ 406,282</u>	<u>\$ 235,355</u>	<u>\$ 641,637</u>

CITY OF LEESVILLE, LOUISIANA
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2014

	Sales Tax Sinking	2004 GOB Street Improvements	Total
Revenues:			
Taxes	\$ -	\$ 183,347	183,347
Miscellaneous	<u>265</u>	<u>559</u>	<u>824</u>
Total revenues	265	183,906	184,171
Expenditures:			
Debt service	<u>193,333</u>	<u>162,416</u>	<u>355,749</u>
Excess (deficiency) of revenues over expenditures	(193,068)	21,490	(171,578)
Other financing sources (uses):			
Transfers in	<u>176,972</u>	<u>-</u>	<u>176,972</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(16,096)	21,490	5,394
Fund balances, beginning	<u>369,836</u>	<u>213,865</u>	<u>583,701</u>
Fund balances, ending	<u>\$ 353,740</u>	<u>\$ 235,355</u>	<u>\$ 589,095</u>

CITY OF LEESVILLE, LOUISIANA

Comparative Statement of Position - Proprietary Funds
June 30, 2014

	Business -Type Activities - Enterprise Funds					
	Sewer		Water		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current assets:						
Cash and interest-bearing deposits	\$ 214,639	\$ 214,555	\$ -	\$ -	\$ 214,639	\$ 214,555
Receivables:						
Accounts, net	144,382	148,305	257,961	265,483	402,343	413,788
Due from other funds	-	-	1,551,149	1,369,159	1,551,149	1,369,159
Due from other governmental agencies	385,044	-	3,187,369	82,433.00	3,572,413	82,433
Prepaid items	4,508	2,989	15,159	2,989	19,667	5,978
Total current assets	<u>748,573</u>	<u>365,849</u>	<u>5,011,638</u>	<u>1,720,064</u>	<u>5,760,211</u>	<u>2,085,913</u>
Noncurrent assets:						
Restricted assets -						
Cash and interest-bearing deposits	75,726	75,505	372,949	340,194	448,675	415,699
Land and construction in progress	1,641,504	683,276	3,007,093	1,036,371	4,648,597	1,719,647
Capital assets, net of accumulated depreciation	<u>7,300,613</u>	<u>6,941,168</u>	<u>2,851,303</u>	<u>3,089,815</u>	<u>10,151,916</u>	<u>10,030,983</u>
Total noncurrent assets	<u>9,017,843</u>	<u>7,699,949</u>	<u>6,231,345</u>	<u>4,466,380</u>	<u>15,249,188</u>	<u>12,166,329</u>
Total assets	<u>9,766,416</u>	<u>8,065,798</u>	<u>11,242,983</u>	<u>6,186,444</u>	<u>21,009,399</u>	<u>14,252,242</u>
LIABILITIES						
Current liabilities:						
Accounts and other payables	297,818	116,525	283,878	145,406	581,696	261,931
Due to other funds	648,470	313,580	-	111,904	648,470	425,484
General obligation bonds	320,000	310,000	-	-	320,000	310,000
Revenue bonds	-	-	95,000	95,000	95,000	95,000
Note payable	-	-	91,689	130,099	91,689	130,099
Accrued interest payable	<u>3,173</u>	<u>6,247</u>	<u>19,043</u>	<u>20,312</u>	<u>22,216</u>	<u>26,559</u>
Total current liabilities	<u>1,269,461</u>	<u>746,352</u>	<u>489,610</u>	<u>502,721</u>	<u>1,759,071</u>	<u>1,249,073</u>
Noncurrent liabilities:						
Customer deposits payable	-	-	226,534	230,210	226,534	230,210
Compensated absences payable	25,667	21,795	15,840	12,717	41,507	34,512
OPEB obligation payable	218,203	100,373	218,203	175,654	436,406	276,027
General obligation bonds	-	320,000	-	-	-	320,000
Revenue bonds payable	-	-	5,326,837	1,050,000	5,326,837	1,050,000
Note payable	<u>-</u>	<u>-</u>	<u>336,753</u>	<u>386,970</u>	<u>336,753</u>	<u>386,970</u>
Total noncurrent liabilities	<u>243,870</u>	<u>442,168</u>	<u>6,124,167</u>	<u>1,855,551</u>	<u>6,368,037</u>	<u>2,297,719</u>
Total liabilities	<u>1,513,331</u>	<u>1,188,520</u>	<u>6,613,777</u>	<u>2,358,272</u>	<u>8,127,108</u>	<u>3,546,792</u>
NET POSITION						
Net investment in capital assets	8,694,670	7,065,023	227,178	2,683,888	8,921,848	9,748,911
Unrestricted (deficit)	<u>(441,585)</u>	<u>(187,745)</u>	<u>4,402,028</u>	<u>1,144,284</u>	<u>3,960,443</u>	<u>956,539</u>
Total net position	<u>\$ 8,253,085</u>	<u>\$ 6,877,278</u>	<u>\$ 4,629,206</u>	<u>\$ 3,828,172</u>	<u>\$ 12,882,291</u>	<u>\$ 10,705,450</u>

CITY OF LEESSVILLE, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2014

	Business -Type Activities - Enterprise Funds					
	Sewer		Water		Total	
	2014	2013	2014	2013	2014	2013
Operating revenues:						
Charges for services	\$ 897,749	\$ 930,213	\$1,693,882	\$1,723,024	\$ 2,591,631	\$ 2,653,237
Miscellaneous	2,092	2,380	1,515	373	3,607	2,753
Total operating revenues	<u>899,841</u>	<u>932,593</u>	<u>1,695,397</u>	<u>1,723,397</u>	<u>2,595,238</u>	<u>2,655,990</u>
Operating expenses:						
Salaries	328,033	233,192	299,883	335,557	627,916	568,749
Employee benefits	50,153	48,371	45,971	75,808	96,124	124,179
OPEB expense	117,830	(40,896)	42,549	(295,243)	160,379	(336,139)
Operating supplies	57,986	29,842	186,759	138,822	244,745	168,664
Vehicle expense	28,669	15,708	50,609	44,618	79,278	60,326
Utilities and communications	127,076	107,177	202,407	205,383	329,483	312,560
Insurance	54,222	63,213	60,298	103,200	114,520	166,413
Legal and other professional	11,645	-	-	-	11,645	-
Repairs and maintenance	118,207	76,082	100,138	70,886	218,345	146,968
Bad debt	27,731	25,885	49,462	37,725	77,193	63,610
Miscellaneous	49,394	46,723	12,964	4,086	62,358	50,809
Depreciation	276,556	269,591	262,449	363,027	539,005	632,618
Total operating expenses	<u>1,247,502</u>	<u>874,888</u>	<u>1,313,489</u>	<u>1,083,869</u>	<u>2,560,991</u>	<u>1,958,757</u>
Operating income (loss)	<u>(347,661)</u>	<u>57,705</u>	<u>381,908</u>	<u>639,528</u>	<u>34,247</u>	<u>697,233</u>
Nonoperating revenues (expenses):						
Interest income	306	444	329	476	635	920
Ad valorem taxes	350,224	373,793	-	-	350,224	373,793
Interest expense	<u>(15,511)</u>	<u>(24,644)</u>	<u>(39,121)</u>	<u>(47,249)</u>	<u>(54,632)</u>	<u>(71,893)</u>
Total nonoperating revenues (expenses)	<u>335,019</u>	<u>349,593</u>	<u>(38,792)</u>	<u>(46,773)</u>	<u>296,227</u>	<u>302,820</u>
Income (loss) before contributions and transfers	(12,642)	407,298	343,116	592,755	330,474	1,000,053
Contributions	1,388,154	106,553	446,796	323,230	1,834,950	429,783
Transfers in (out)	<u>295</u>	<u>(31,643)</u>	<u>11,122</u>	<u>(13,000)</u>	<u>11,417</u>	<u>(44,643)</u>
Change in net position	1,375,807	482,208	801,034	902,985	2,176,841	1,385,193
Net position, beginning, as restated	<u>6,877,278</u>	<u>6,395,070</u>	<u>3,828,172</u>	<u>2,925,187</u>	<u>10,705,450</u>	<u>9,320,257</u>
Net position, ending	<u>\$8,253,085</u>	<u>\$6,877,278</u>	<u>\$4,629,206</u>	<u>\$3,828,172</u>	<u>\$12,882,291</u>	<u>\$10,705,450</u>

**INTERNAL CONTROL, COMPLIANCE
AND OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Penny Angelle Scruggins, CPA
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA

Stephen J. Anderson, CPA
Cheryl L. Bartley, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Allen J. LaBry, CPA
Albert R. Leger, CPA, PFS, CSA*
Marshall W. Guidry, CPA
Stephen R. Moore, Jr., CPA, PFS, CFP®, ChFC®
James R. Roy, CPA
Robert J. Metz, CPA
Alan M. Taylor, CPA
Kelly M. Doucet, CPA
Mandy B. Self, CPA
Paul L. Delcambre, Jr., CPA
Kristin B. Dauzat, CPA
Jane R. Hebert, CPA
W. Jeffrey Lowry, CPA
Brad E. Kolder, CPA, JD
Casey L. Ardoin, CPA
Deidre L. Stock, CPA
Karen V. Fontendt, CPA

* A Professional Accounting Corporation

183 South Beadle Rd
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

450 East Main Street
New Iberia, LA 70560
Phone (337) 367-9204
Fax (337) 367-9208

113 East Bridge St
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

1234 David Dr. Ste 203
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

1013 Main Street
Franklin, LA 70538
Phone (337) 828-0272
Fax (337) 828-0290

434 East Main Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

133 East Waddell St
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

332 West Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

1428 Metro Drive
Alexandria, LA 71301
Phone (318) 442-4421
Fax (318) 442-9833

WEB SITE
WWW.KCSRCPAS.COM

Retired
Conrad O. Chapman, CPA* 2008

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Rick Allen, Mayor
and Members of the City Council
City of Leesville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Leesville, Louisiana's primary government as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Leesville, Louisiana's basic financial statements and have issued our report thereon dated November 7, 2014. The report on the City of Leesville, Louisiana was adverse because the financial statements do not include financial data of all component units of the City of Leesville, Louisiana. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Leesville, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Leesville, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Leesville, Louisiana's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as #2014-002 to be a material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as #2014-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Leesville, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as #2014-003.

City of Leesville, Louisiana's Response to Findings

The City of Leesville, Louisiana's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings. The City of Leesville, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 7, 2014

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Penny Angelle Scruggins, CPA
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA

Stephen J. Anderson, CPA
Cheryl L. Bartley, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Allen J. LaBry, CPA
Albert R. Leger, CPA, PFS, CSA*
Marshall W. Guidry, CPA
Stephen R. Moore, Jr., CPA, PFS, CFP®, ChFC®
James R. Roy, CPA
Robert J. Metz, CPA
Alan M. Taylor, CPA
Kelly M. Doucet, CPA
Mandy B. Self, CPA
Paul L. Delcambre, Jr., CPA
Kristin B. Dautat, CPA
Jane R. Hebert, CPA
W. Jeffrey Lowry, CPA
Brad E. Kolder, CPA, JD
Casey L. Ardoin, CPA
Deidre L. Stock, CPA
Karen V. Fontenot, CPA

* A Professional Accounting Corporation

183 South Beadle Rd Lafayette, LA 70508 Phone (337) 232-4141 Fax (337) 232-8660	450 East Main Street New Iberia, LA 70560 Phone (337) 367-9204 Fax (337) 367-9208
113 East Bridge St Breaux Bridge, LA 70517 Phone (337) 332-4020 Fax (337) 332-2867	200 South Main Street Abbeville, LA 70510 Phone (337) 893-7944 Fax (337) 893-7946
1234 David Dr. Ste 203 Morgan City, LA 70380 Phone (985) 384-2020 Fax (985) 384-3020	1013 Main Street Franklin, LA 70538 Phone (337) 828-0272 Fax (337) 828-0290
434 East Main Street Ville Platte, LA 70586 Phone (337) 363-2792 Fax (337) 363-3049	133 East Waddell St Marksville, LA 71351 Phone (318) 253-9252 Fax (318) 253-8681
332 West Sixth Avenue Oberlin, LA 70655 Phone (337) 639-4737 Fax (337) 639-4568	1428 Metro Drive Alexandria, LA 71301 Phone (318) 442-4421 Fax (318) 442-9833

WEB SITE
WWW.KCSRPCAS.COM

Retired
Conrad O. Chapman, CPA* 2008

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Rick Allen, Mayor
and Members of the City Council
City of Leesville, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Leesville, Louisiana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Leesville, Louisiana's major federal program for the year ended June 30, 2014. City of Leesville, Louisiana's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Leesville, Louisiana's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Leesville, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Leesville, Louisiana's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Leesville, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the City of Leesville, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Leesville, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Leesville, Louisiana's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weaknesses in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 7, 2013

CITY OF LEESVILLE, LOUISIANA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor / Pass-Through Grantor / Program Name	Federal CFDA Number	Disbursements/ Expenditures
<u>U.S. Environmental Protection Agency</u>		
Passed-through State of Louisiana Department of Health and Hospitals:		
Capitalization Grants for Drinking Water State Revolving Funds	66.468	<u>\$1,925,524</u>
<u>U.S. Department of Housing and Urban Development</u>		
Passed-through State of Louisiana Office of Community Development:		
Community Development Block Grants	14.228	<u>24,289</u>
<u>U.S. Department of Justice</u>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	<u>900</u>
TOTAL FEDERAL EXPENDITURES		<u>\$1,950,713</u>

* Indicates Major Program

CITY OF LEESVILLE, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Leesville, Louisiana (the "City"). The City's reporting entity is defined in Note 1 to the primary government financial statements for the year June 30, 2014. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. The U.S. Environmental Protection Agency: Passed through the State of Louisiana Department of Health and Hospitals: Capitalization Grants for Drinking Water State Revolving Loan Funds was considered to be a major federal program.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's primary government financial statements for the year ended June 30, 2014.

(3) Relationship to Primary Government Financial Statements

Federal financial assistance revenues/expenditures are reported in the City's primary government financial statements as follows:

From federal sources:

Government Fund Types -

Special Revenue Funds	\$ 900
-----------------------	--------

Proprietary Fund Type -

Sewer Fund	24,289
------------	--------

Water Fund	<u>1,925,524</u>
------------	------------------

Total federal expenditures reported in the Schedule of Expenditures of Federal Awards	
--	--

	<u>\$ 1,950,713</u>
--	---------------------

(4) Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related financial reports.

CITY OF LEESVILLE, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an adverse opinion on the financial statements of the City of Leesville, Louisiana's reporting entity because they do not include financial data of all component units. An unmodified opinion was issued on the basic financial statements of the City of Leesville, Louisiana's primary government.
2. There were two significant deficiencies in internal control disclosed by the audit of the financial statements.
3. There was one instances of noncompliance disclosed by the audit of the financial statements.
4. There were no significant deficiencies in internal control over the major program disclosed by the audit of the financial statements.
5. An unqualified opinion was issued on compliance for the major program.
6. The audit disclosed no findings that are required to be reported in accordance with Section 510(a) of Circular A-133.
7. The major programs were:

U.S. Environmental Protection Agency: Passed through State of Louisiana Department of Health and Hospitals – Capitalization Grants for Drinking Water State Revolving Funds Program CFDA No. 66.468.
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133 was \$300,000.
9. The auditee did not qualify as a low-risk auditee under Section 530 of Circular A-133.

Part II. Findings that are required to be reported in accordance with generally accepted Governmental Auditing Standards:

See Findings 2013-001 through 2013-003 the Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan.

CITY OF LEESVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2014

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There were no significant deficiencies or instances of material noncompliance noted during the audit.

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 2014

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Plan	Name of Contact Person	Anticipated Date of Completion
CURRENT YEAR (06/30/13) --						
<u>Internal Control:</u>						
2014-001	Unknown	The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.		The City has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Rick Allen, Mayor	N/A
2014-002	2014	<p>The City did not prepare bank reconciliations for its operating cash account during the fiscal year. Timely reconciling all bank accounts is a key component of good controls over cash. Reconciling the bank balance with the book balance (general ledger) is necessary to ensure that (1) all receipts and disbursements are recorded (an essential process in ensuring complete and accurate monthly financial statements); (2) checks are clearing the bank in a reasonable time; (3) reconciling items are appropriate and are being recorded; and (4) the reconciled cash balance agrees to the general ledger cash balance.</p> <p>State law [Louisiana Revised Statute (R.S.) 10:4-406(d) (2)] allows a municipality 30 days to examine bank statements and cancelled checks for unauthorized signatures or alterations. After 30 days, the municipality is precluded from asserting a claim against the bank for unauthorized signatures or alterations.</p> <p>We recommend that written bank reconciliations be prepared within 30 days of receipt of bank statements by an employee who does not have responsibility/authority to (1) sign checks; or (2) receive and deposit cash; or (3) authorize disbursements. The monthly bank reconciliations should be properly completed, dated, and signed by both the preparer and reviewer/approver and be maintained on file for subsequent review and audit.</p>		The City will implement procedures to ensure that all cash account are reconciled on a monthly basis.	Alice Eddington, Finance Director	6/30/2015

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2014

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Plan	Name of Contact Person	Anticipated Date of Completion
CURRENT YEAR (06/30/12) --						
<u>Compliance:</u>						
2014-003	2014	The City did not amend the Sales Tax Fund budget in accordance with LSA-RS 39:1311(A)(1) & (2) that states when total actual revenues and other sources or expenditures and other uses plus projected revenues and other sources or expenditures and other uses for the remainder of the year are failing to meet or exceeding the total budgeted expenditures by five percent or more, the budget must be amended. Total expenditures exceeded budgeted expenditures by 10% or \$45,849.		The City will adhere to the provisions of LSA-RS 39:1311(A)(1)&(2) by monitoring its financial statements closely and amending the budget when actual expenditures plus projected expenditures exceed budgeted amounts by five percent or more.	Alice Eddington, Finance Director	6/30/2015
PRIOR YEAR (06/30/13) --						
<u>Internal Control:</u>						
2013-001	Unknown	The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	See current year finding 2014-001		

Compliance:

There were no instances of noncompliance to be reported